

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

February 7, 2022

2:00 p.m.

DRAFT

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Joshua Revak, Vice Chair
Senator Peter Micciche
Senator Gary Stevens
Senator Elvi Gray-Jackson

MEMBERS ABSENT

All members pre

OTHER LEGISLATORS PRESENT

Senator Jesse Kiehl

COMMITTEE CALENDAR

PNWER PRESENTATION(S)

- Overview of Priorities
- Congregate Solutions Accelerator
- Future of Hybrid Work and Regional Collaboration in Alaska
- Legislative Energy Horizon Institute: Accomplishments and Recruitment

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record.

WITNESS REGISTER

RICHARD GOTFRIED, President
Pacific NorthWest Economic Region (PNWER); and
Member, Legislative Assembly of Alberta for Calgary-Fish Creek
Calgary, Alberta

POSITION STATEMENT: Provided an overview of the priorities he had as the new president of PNWER.

STEVEN MYERS, Senior Innovation Program Manager
Pacific NorthWest Economic Region (PNWER)
Seattle, Washington

POSITION STATEMENT: Discussed the Congregate Solutions Accelerator program during the PNWER presentations.

SARAH LEONARD, President and Chief Executive Officer (CEO)
Alaska Travel Industry Association
Anchorage, Alaska

POSITION STATEMENT: Discussed ATIA participation in PNWER's Congregate Solutions Accelerator program.

LINDSAY RANDALL, Program Manager
Congregate Solutions Accelerator
Pacific NorthWest Economic Region (PNWER/Moonbeam
Seattle, Washington

POSITION STATEMENT: Discussed how PNWER's Congregate Accelerator program differs from other accelerator programs.

NIRAV DESAI, CEO of Moonbeam Exchange and
Co-Chair, PNWER Innovation Private Sector
Seattle, Washington

POSITION STATEMENT: Discussed the future of hybrid work and regional collaboration in Alaska as part of the PNWER presentations.

MATT MORRISON, CEO
Pacific NorthWest Economic Region (PNWER)
Seattle, Washington

POSITION STATEMENT: Discussed PNWER's Legislative Energy Horizon Institute (LEHI).

ACTION NARRATIVE

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CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 2:00 p.m. Present at the call to order were Senators Micciche, Gray-Jackson, and Chair Costello. Senators Stevens and Revak arrived during the introductions.

CHAIR COSTELLO welcomed Montana Senator Mike Cuffe, the past president of the Pacific NorthWest Economic Region (PNWER) and Senator Jesse Kiehl who is a PNWER delegate.

PNWER PRESENTATION(S)
Overview of Priorities
Congregate Solutions Accelerator
Future of Hybrid Work and Regional Collaboration in Alaska
Legislative Energy Horizon Institute: Accomplishments and
Recruitment

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CHAIR COSTELLO announced that the meeting would be dedicated to presentations from members of the Pacific NorthWest Economic Region (PNWER). She reviewed the five different presentations and asked Richard Gotfried to begin with an overview of the priorities he had as PNWER's new president.

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RICHARD GOTFRIED, President, Pacific NorthWest Economic Region (PNWER); and Member of the Legislative Assembly of Alberta for Calgary-Fish Creek, Calgary, Alberta, relayed that he also chairs the Aviation Advisory Council and serves on various other committees.

MR. GOTFRIED stated that he first became aware of PNWER in 2012-2013 when he was working in economic development and focusing on recruiting in Alberta. He found PNWER to be particularly helpful when reaching across the border from Canada into the United States. He described PNWER's governance structure that is comprised of the Executive Committee, the Delegate Council, and the private sector partners that are engaged in coordinating the opportunities and challenges facing each region.

He reflected on the history of Alaska's involvement in PNWER, recognizing that Senator Fred Dyson in 2003 and Senator Lesil McGuire in 2009 each served as president. He said the focus of this regional multinational forum has been on trade and investment, but in Alberta and Alaska the focus has also been on energy security, sustainability, and supply. He reminded the committee that on January 30, 2022 the provincial government of Alberta, led by Premier Jason Kenney and Alaska Governor Mike Dunleavy signed a [memorandum of understanding] to strengthen ties and reaffirm a commitment to work together to continue to pursue economic progress and prosperity between the regions. He expressed hope that the Alaska/Alberta bilateral council would work together going forward on matters of transportation, market access, energy, and the environment. He shared his research that showed that 2020 exports from Alberta worth \$175 million (U.S.) supported about 2,150 jobs in Alberta and 1,650 jobs in Alaska.

He expressed optimism that those numbers would grow in the future.

MR. GOTFRIED reviewed his objectives and agenda as the new president of PNWER, identifying visits to the capitals in the region as the top of the list. These visits provide an opportunity for face-to-face meetings with legislators and play a part in building personal relationships. For example, he said it is a great opportunity to be able to call Senator Costello when there is a challenge between jurisdictions or a regional opportunity whose timeframe could be shortened with direct contact. PNWER is noted for having a strong voice for regional advocacy as well as advocacy to the respective federal governments in Ottawa and Washington, D.C. PNWER has a strong and respected voice in those centers and he believes it is important to work to find common ground across jurisdictions and bring those messages forward and collaborate when possible to strengthen the regional economies and investment opportunities.

MR. GOTFRIED opined that it is also key to engage private sector partners to understand their challenges and look for opportunities for cross investment in trade, commerce, and labor. He noted that mobility is a huge issue, particularly with the different peaks and troughs of economies.

MR. GOTFRIED related that a bright light stemming from the pandemic was that PNWER's virtual presence was enhanced. It is now a hybrid organization that allows people to join webinars and participate in the Summit virtually.

MR. GOTFRIED briefly described additional priorities of his presidency:

Provide continuity for the organization by mentoring the younger generation who will be the new leaders in PNWER.

Advance the discussion about North American energy security and sustainability as it relates to global challenges. He noted that Canada and the U.S. share the longest demilitarized border in the world, and relayed that he recently visited the Royal Canadian Air Force 4 Wing Cold Lake base in Northern Alberta, which provides military security for both regions.

Advance discussions about energy and utility corridors, transportation, rail lines to connect jurisdictions, and provide opportunities for jobs and the creation of wealth. He noted in

particular the relationship between Alberta and Alaska and said he looked forward to those conversations.

Focus on wealth creation, energy security, innovations in decarbonization, alternate energy, renewable energy, hydrogen, and other forms of energy that will be needed in the post-pandemic world.

Advance opportunities in critical minerals that have the potential to benefit the Pacific Northwest economic region generally. He mentioned a recent discovery that the pools of oil drilling fluids that have been reinjected into the ground for many years hold large amounts of lithium and other minerals. The Alberta legislature recently passed legislation to allow companies to investigate those. He noted this may have potential in Alaska as well.

Finally, continue to advance trade between Canada and the U.S. At \$32.3 billion in U.S. dollars, it is without measure anywhere else in the world.

MR. GOTFRIED welcomed legislators to arrive early for the July 24-28 PNWER Summit to take in the Calgary Stampede, which he described as the greatest outdoor show on earth. The expectation is that 500-700 delegates will attend in person and several hundred more will participate virtually. He said work is ongoing with the Delegate Council to ensure the opportunity to discuss some of the key issues of PNWER.

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SENATOR STEVENS commented that this was the first he had heard about finding lithium when drilling for oil.

MR. GOTFRIED confirmed that the drilling fluid that has traditionally been reinjected into the ground has been found to be rich with critical minerals such as lithium. He opined that the effect will be twofold. Precious minerals will be extracted and the old wells will be reclaimed.

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CHAIR COSTELLO announced the presentation on a PNWER project called the Congregate Solutions Accelerator. She said this program demonstrates the value PNWER offers in fostering cooperation to overcome challenges.

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STEVEN MYERS, Senior Innovation Program Manager, Pacific NorthWest Economic Region (PNWER), Seattle, Washington, stated that in the fall of 2020 PNWER's Innovation Working Group received a SPRINT grant (Scaling Pandemic Resilience Through Innovation and Technology) from the U.S. Economic Development Administration (EDA) to develop the Accelerator program to look at how the tourism, travel, performing arts, and hospitality sectors were affected by the pandemic. This process provided an opportunity to partner with individuals and organizations. He recognized Sarah Leonard who would talk about the Alaska Travel Industry Association and Lindsay Randall who works for Moonbeam and is also the Program Manager for the Congregate Accelerator.

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SARAH LEONARD, President and Chief Executive Officer (CEO), Alaska Travel Industry Association, Anchorage, Alaska, stated that ATIA is the statewide voice for over 600 travel and tourism businesses in Alaska. It has a 24-member board of directors that includes the lieutenant governor who is an ex officio, non-voting member. The organization is the longtime manager of Alaska's statewide marketing program.

She reported that PNWER reached out early in the pandemic to offer support through the SPRINT grant to accelerate the recovery of tourism businesses in the region and Alaska specifically. She noted that early in the pandemic she saw statistics on the percentage of small businesses that were expected to never recover or take six month or longer, and that the majority of the accommodation and food service jobs were in small and medium-sized businesses. She reminded the committee that every path for tourism to come to Alaska was affected. Typically, about 60 percent of visitors arrive by cruise ship, 36 percent arrive by air, and 4 percent by road or ferry. She highlighted that the industry is beginning to see signs of recovery.

MS. LEONARD stated that the path forward for ATIA and Alaska tourism will continue to focus on safe travels and safe operations; continued support for small businesses; addressing workforce demands; and continued investment in statewide tourism marketing. She concluded that the challenges the pandemic presented made the partnership with PNWER and the Congregate Accelerator "a silver lining fit" to advance the recovery of tourism businesses more quickly. She concluded that she was proud to be part of the partnerships and collaborations made possible through PNWER.

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LINDSAY RANDALL, Program Manager, Congregate Solutions Accelerator, Pacific NorthWest Economic Region (PNWER)/Moonbeam, Seattle, Washington, stated that she would focus her discussion on the aspects that differentiate the Congregate Accelerator from any other accelerator program. She explained that the Congregate Accelerator is a challenge-based program. When PNWER received the SPRINT grant, they went directly to organizations and companies in the tourism and hospitality industries throughout the region and asked what the most pressing challenges were that presented barriers to recovery from the pandemic. The primary goal was for the Congregate Accelerator to bridge the gap between the tourism industry throughout the Northwest that is struggling to recover and innovative entrepreneurial companies that have solutions but no direct access to the industry. The strategy was to address this in two separate cohorts.

MS. LEONARD explained that there were eight companies in Congregate Cohort One that focused on four areas of concern. These challenges were associated with the workforce, hybrid work experience, contactless commerce, and immunity verification. Each of the cohort companies collaborated with Washington- and Alaska-based industry partners to find a match for a pilot program or proof of concept that the innovative entrepreneurs had put forward to help solve a problem that these tourism companies are experiencing. She noted that the first cohort was about finished.

She stated that Congregate Cohort Two will start in April 2022 with two areas of focus: reimagining business travel, and workforce and labor tactics. She relayed that business travel has been the slowest sector in the travel industry to recover from the pandemic. The idea is to reimagine business travel by blending digital business and leisure travel.

The second cohort is being challenged to address workforce and labor challenges by looking at different technologies and innovations not currently being used because the traditional approach to workforce staffing does not meet the needs of the unpredictable pandemic economy for hospitality and tourism. She said Congregate is currently looking for Alaska partners including startups this committee has worked with, small Alaska businesses, or ATIA members. She concluded that Congregate's only agenda here is to build connections and accelerate recovery from the pandemic.

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CHAIR COSTELLO asked if she was prepared to share examples that entrepreneurs have come up with in one of the challenge areas such as immunity verification, so the committee will understand what it looks like when a business comes up with a solution.

MS. RANDALL responded that a project that will be announced soon is in the hybrid experiences category, which ties into the focus on business travel. One of the companies will be partnering with the Seattle Wedding Show to provide a virtual experience when walking through [the convention center] gateway. Using technology people will be able to see and experience the space in a different way. This organization is looking for ways to get people to come back to this convention in person. Congregate is also working with a few sports teams to advance e-commerce sales to offset the reduced capacity in their stadiums, which leads to reduced sales.

With regard to immunity verification, a company in one of the cohorts is in the pilot stage working with cruise companies in Europe to test and gather data on breathalyzer style screening tools that detect upper respiratory infections. The company is awaiting FDA approval so it is currently unable to partner in the U.S. They specifically approached the Congregate Solutions Accelerator program because of their interest in working with cruise companies.

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SENATOR STEVENS asked Ms. Leonard what her expectations are for the Alaska cruise industry in the near term.

MS. LEONARD replied ATIA is hopeful and pleased that cruise companies are reporting positive outlooks on bookings. They are also monitoring federal legislation to update the Passenger Services Act, but really it is a wait and see situation, she said.

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SENATOR MICCICHE highlighted that, despite projections to the contrary, independent traveler traffic in the Seward area was extraordinary last summer. The area was not affected by the depressed cruise ship travel, which was a surprise. He asked Ms. Leonard if ATIA was working with PNWER's Congregate Accelerator to further enhance independent travel up and down the West Coast.

MS. LEONARD answered that there has been indirect talk about that and there will always be opportunities for future partnerships working with PNWER to help market visitor traffic in the entire region. She added that she heard that some regions in Alaska had very good visitation last year from independent travelers while areas like Southeast were particularly hard hit. Also, some businesses in Southcentral and the Railbelt that rely on cruise ship itineraries never did reopen, because even the few late summer cruises to Alaska did not go across the Gulf. Despite some bright spots, there are pockets still trying to recover.

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CHAIR COSTELLO announced that Nirav Desai would present on the future of hybrid work and regional collaboration in Alaska.

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NIRAV DESAI, CEO of Moonbeam Exchange and Co-Chair of PNWER Innovation Private Sector, Seattle, Washington, stated that he would loosely follow the slides he prepared as he discusses how to take advantage of the amazing opportunities in the hybrid workplace and how to address the key barriers associated with connecting Alaska to the Lower 48 and the rest of the world.

He said the pandemic has affected all aspects of life, but workforce issues in particular have changed the way work is conducted. More work is done remotely and more meetings are conducted virtually. This is likely to continue.

Lifestyle locations are seeing a huge influx. States and cities need to think beyond improving broadband connectivity to attract remote workers to ways to improve entrepreneurial ecosystems to attract businesses. It is important to embrace the Metaverse to have a global impact. This technology allows people to collaborate as effectively and with the same feel as though everybody is in the same room.

MR. DESAI reviewed three emerging hybrid office solutions that may be particularly relevant for the Alaskan economy. The first is remote operations/expertise solutions that uses: increased use of telemedicine and therapy; remotely operated vehicles (ROVs), which are critical to the mining industry, immersive technology that allows a real-time experience; and IoT (Internet of Things) and industrial AI (artificial intelligence). The second solution, which is popular in Europe, is digital nomad support. This is attracting freelance workers who are able to work from any location of their choosing. This can be used to

boost tourism but if properly used it can also be used to attract entrepreneurs to move to Alaska and start businesses. For this to be possible, broadband networks need to be widely available as well as web collaboration tools and coworking spaces. The third hybrid office solution, which may be the most relevant for Alaska, is virtual innovation spaces. Due to the pandemic, virtual reality meetings are attracting a lot of investment.

MR. DESAI directed attention to slide 20 that represents his view of Alaska as a leading innovator in the world through data driven strategy and metaverse-enabled networking/mentorship with similarly focused regions. These are Arctic Innovation; Maritime Technology; and Critical Minerals/Clean Technology.

A great deal of investment is going into Arctic innovation and start-up centers in Nordic countries, and Alaska can benefit by applying those innovations in the American Arctic. A virtual network fostered by Metaverse technology can really help this effort.

Second is maritime technology. Alaska has the largest American coastline and traditional industries around fishing and offshore development. It is necessary to connect Alaska entrepreneurs with investors in other industries both for harvesting innovations and applying it locally, while also extending the reach of Alaska entrepreneurs into other markets.

Third, while there are a number of clean technology innovation centers being built worldwide, what makes Alaska unique is the focus on critical minerals that drive fuel cells, cell phones, and battery technology. Connecting with the growing number of critical mineral innovation centers helps Alaska entrepreneurs grow their businesses through mentoring from peers. The idea is to start businesses that stay in Alaska and help drive the future economy outside Alaska's borders.

MR. DESAI discussed the mechanics of hybrid work depicted on slide 21. He opined that the importance of investments in immersive technology and the future of work can be summed up by Facebook's embrace of the metaverse when it changed the name of the parent company to Meta. He cited two examples of venture capital investments in the metaverse. Last month a visual collaboration company called Miro received \$400 million in new funding and is currently valued at \$17.5 billion. Late last year Rec Room, a user-generated immersive gaming platform, raised \$145 million to bring its valuation to \$3.5 billion. Whether or

not Alaska can leverage this type of investment depends on the type of work Alaska entrepreneurs create. He pointed to the chart that depicts the four modes of intentional collaboration where teams are co-located and working together or independently and teams that are distributed and doing synchronous and asynchronous work.

He drew a parallel between what Alaska potentially could do and what Helsinki had done to grow and empower the private sector for innovation ecosystem development. He reviewed the examples from slide 22 that read as follows:

- In 2015, Finland (pop. 624,462) accounted for 10% of startup Initial Public Offerings globally.
- The Slush conference (Similar to SXSW) is a top-3 startup/tech conference in Europe and bring the global investment and innovation community to Helsinki yearly.
- FiBAN (<https://fiban.org/>) offers investment training to grow and mature angel investors (JEDC is doing something similar)
- Extensive founder enablement ecosystem with 48 startup accelerators
- SpaceHub is outfitting Helsinki with rentable workspaces in public locations to support remote work while on travel.

MR. DESAI discussed how essential it is to get broadband to the most remote areas of Alaska to achieve maximum benefit from the hybrid work environment. He pointed to the roster of Infrastructure Investment and Jobs Act grant sources on slide 23 that could be relevant to support broadband equity. He also stressed the importance of centralizing access and promoting exports from the smallest villages to the global economy. It's about embracing the future, he said.

MR. DESAI highlighted that the Congregate Accelerator is a program that resulted from PNWER and Moonbeam working together to establish the Resilience Foundry to help connect industry, investors, academia, and startups to enhance resiliency in industry and engage the entrepreneurial community to foster innovations. He offered his vision of an entrepreneur who makes

a lifestyle decision to move to Homer, Alaska and still remain part of the Innovation Economy.

MR. DESAI summarized that innovation feeds innovation. Hybrid work can bring jobs to Alaska, connect Alaskans with global expertise, and help Alaskan businesses scale globally. He said it starts with broadband, but it's so much more.

CHAIR COSTELLO offered her takeaway which is that the metaverse allows an in-person experience without having to travel. This is very beneficial to a state like Alaska and she wonders what government can do to help facilitate this innovation.

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SENATOR GRAY-JACKSON commented that Zoom and other virtual meeting technologies are here to stay and that emphasizes the need to get broadband to all parts of Alaska.

MR. DESAI responded that it is important to think of this in stages with widespread broadband access in step one. What SpaceHub has done in Helsinki to set up landing zones will also be an essential interim step in Alaska. Those could be located in libraries and schools in small or remote areas. He estimated that the Chair's vision of an in-person experience without having to travel is 10-15 years away.

CHAIR COSTELLO stated that Matt Morrison would present on the Legislative Energy Horizon Institute (LEHI).

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MATT MORRISON, CEO, Pacific NorthWest Economic Region (PNWER), Seattle, Washington, stated that PNWER established the Legislative Energy Horizon Institute (LEHI) in 2009. Since then more than 350 legislators from Canada and the U.S. have enrolled in the comprehensive 60-hour executive certificate program in energy policy from the University of Idaho. The U.S. Department of Energy, Natural Resources Canada, private sector companies, and the University of Idaho serve as hosts. The goal of the program is to provide policymakers with information about how energy is delivered to consumers so they are prepared to make educated policy decisions. The curriculum includes: How energy systems and infrastructure work, building and financing energy infrastructure, regulation and market impacts on energy infrastructure, and more.

MR. MORRISON acknowledged the many Alaskans who have participated in the program and expressed hope that the next

classes would be in person. These are August 5-9, 2022 at the Pacific Northwest National Laboratory (PNNL) campus in Richland, Washington; and November 16-19, 2022 in Washington, D.C. which will provide an opportunity to look at the state of energy across North America. He emphasized Mr. Gotfried's point about the need for a policy discussion about energy security and sustainability in Canada and the U.S. in particular. Throughout LEHI's history, he said the goal has been to include a balance of energy producing states and energy consuming states.

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SENATOR REVAK said he found the LEHI program a lot to take in, but he appreciated the opportunity to take a deep dive into energy policy and how utilities operate. He noted that he has used the wealth of information and resources that he took home.

SENATOR GRAY-JACKSON expressed gratitude for the opportunity to participate in the LEHI program. She thought she knew a lot, but she learned much more.

CHAIR COSTELLO described the LEHI program as a wonderful opportunity for policymakers and gave a thumbs up to the private sector involvement.

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There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 3:01 p.m.